Sick Sugar Mills

4566. PROF. M.M. AGARWAL: Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) the number of sugar mills lying closed and in sick condition in the country, State-wise;

(b) the specific reasons therefor; and

(c) the steps taken or proposed to be taken by Government to revive them in the interest of the farmers?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI V. SREENIVASA PRASAD): (a) A statement showing the State-wise number of sugar mills which have not worked during the current sugar season 2001-2002 is annexed. (*See* below)

As per information provided by B.I.F.R., as on 31.12.2001, 47 sick sugar companies in Private and Public sectors were referred to the BIFR under the provisions of the Sick Industrial Companies (Special Provision) Act, 1985 (SICA). Out of these 47 companies, 3 companies were referred twice at different points of time and 1 company was referred thrice at different points of time. In view of this only 42 sick companies are registered with BIFR as on 31.12.2001. State-wise position of sugar companies registered with the BIFR is as follows:

State	Name of companies
1	2
Andhra Pradesh	3
Bihar	3
Kerala	1
Karnataka	5
Madhya Pradesh	3

1	2
Maharashtra	3
Orissa	1
Punjab	2
Rajasthan	1
Tamil Nadu	5
Uttar Pradesh & Uttaranchal	14
West Bengal	1
TOTAL:	42

As per information provided by the National Bank for Agriculture and Rural Development (NABARD), as on 31.3.2001, 114 cooperative sugar mills had negative net worth. State-wise details in this regard are given below:

State	Number of mills with Negative net-worth
Maharashtra	40
Gujarat	5
Andhra Pradesh	9
Haryana	6
Punjab	10
Uttar Pradesh	19
Tamil Nadu	13
Karnataka	11
Uttaranchal	1
TOTAL:	114

(b) The closure/sickness of sugar mills may be due to a variety of factors, such as, inadequate cane availability, uneconomical size, old age, bad condition of plant and machinery, technical and managerial incompetence, excessive high cane price not commensurate with sales realization and various other factors.

(c) The sick sugar companies belonging to Private and Public Sectors are covered under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). Such sick sugar companies are required to make a reference to the Board for Industrial and Financial Reconstruction (BIFR). The BIFR formulates a revival scheme, wherever feasible, and if any reliefs or concessions from the Government are included in the revival package, the same are considered by the Government to make the revival scheme successful.

The cooperative sugar mills are not covered by the SICA. They fall under the Cooperative Societies Act of respective States. The State Governments are expected to prepare suitable rehabilitation schemes for the revival of sick cooperative sugar mills, with or without the participation of the financial institutions including the National Cooperative Development Corporation (NCDC).

The Government has constituted a Committee under the Chairmanship of Secretary (F&PD) to examine the cases of sick cooperative sugar mills and to recommend revival packages of potentially viable units. The Government is also considering to amend the Sugar Development Fund Rules, 1983 for providing financial assistance at concessional rate of interest to potentially viable sick sugar mills.

In addition to above, the Government has taken the following steps to improve the viability of the sugar industry in the country:

1. The levy obligation of sugar mills which was reduced from 30% to 15% w.e.f. 1.2.2001, has been further reduced to 10% w.e.f. 1.3.2002.

2. To restrict inflow of imported sugar in the country, customs duty has been increased to 60% w.e.f. 9.2.2000. The imported sugar has been brought under the release mechanism.

3. Advanced releases to freesale sugar are being given to needy sugar mills to enable them to clear cane price dues to the farmers.

4. Government has substituted the monthly release of freesale sugar by quarterly release. The sugar mills have been allowed to sell up to 10% of their quarterly quota as additional quota, during the quarter subject to utilization of the proceeds from the sale of additional quota for payment of cane price dues to the sugarcane growers.

5. The quantitative restriction on export of sugar has been lifted w.e.f. 01.04.2001.

6. The sugar meant for export has been exempted from the levy obligation.

Statement

State-wise number of sugar mills which have not worked during sugar season 2001-2002 till 31.3.2002 (Provisional)

State	Closed sugar mills
1	2
Punjab	1
Rajasthan	2
Uttar Pradesh	18
Madhya Pradesh	3
Gujarat	7
Maharashtra	27
Bihar	18
Assam	2
Andhra Pradesh	6

1	2
Karnataka	6
Tamil Nadu	3
Kerala	1
Orissa	4
Nagaland	1
TOTAL:	99

Deconrol of Sugar from PDS

4567. SHRI H.K. JAVARE GOWDA: Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether it is a fact that Government are planning to decontrol sugar from PDS;

(b) if so, whether Government have conducted any study to know whether sugar industry and sugarcane growers would be benefited by this move; and

(c) whether Government are aware that in Karnataka thousand of tonnes of sugar has been stored in godowns for sale; if so, in what way Government can help to clear the stocks?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI V. SREENIVASA PRASAD): (a) and (b) The Central Government has decided to effect complete decontrol of sugar during 2002-03 financial year after the operationalisation of future/forward trading in sugar. The Government has taken the said decision in the light of the recommendation of the High Powered Committee headed by Shri B.B. Mahajan, the retired Food Secretary. The Committee studied